



# Portland Housing Bureau

Mayor Ted Wheeler • Interim Director Shannon Callahan

## Rental Services Commission (RSC)

April 17, 2018

2:30 – 5:00 p.m.

Portland Housing Bureau, Suite 500

421 SW 6th Ave.

Portland, OR 97204

### April 17, 2018 Meeting Minutes (approved)

- ✓ = RSC member action item
- ▶ = PHB staff member action item

***Note:** Meeting minutes are intended as a meeting summary that records the members present, all motions, resolutions, votes taken, and the general substance of any discussion. If a more detailed record is necessary, full audio recordings of all RSC meetings are available upon request.*

**Members Present:** Margot Black, Ian Davie (via phone), Christina Dirks, Laura Golino de Lovato, Jessica Greenlee, Allen Hines, Katrina Holland, Deborah Imse, Yoni Kahn-Jochnowitz, Michael Nuss, Leah Sykes

**Members Excused:** Christian Bryant, Raul Preciado-Mendez

**Staff Present:** Cupid Alexander, Anthony Bencivengo, Jamey Duhamel, Stacy Jeffries, Andrés Oswill, Matthew Tschabold

**Guests Present:**

All RSC meeting materials are archived on the website at <https://www.portlandoregon.gov/phb/76347>.

Agenda Item	Discussion Highlights	Outcomes / Next Steps
<b>Call to Order, Roll Call, Minutes</b>	<p><b>Katrina Holland</b>, Co-Chair of the Rental Services Commission, called the meeting to order.</p> <p>Quorum was reached; <b>Yoni Kahn-Jochnowitz</b> moved to approve the March minutes, <b>Jessica Greenlee</b> seconded the motion, and the minutes were unanimously approved.</p>	
<b>Staff Update</b>	<p><b>Andrés Oswill</b> welcomed new Commissioners <b>Jessica Greenlee</b> and <b>Leah Sykes</b>.</p> <p><b>Andrés</b> reminded the Commission that the interim administrative rules for relocation assistance had been updated, and that the permanent rulemaking process had yet to begin. Once the Bureau finishes its internal process of creating a draft of the permanent rules, we will begin a process that will likely include two public meetings dedicated to hearing testimony.</p>	

	<p>He informed Commissioners that the Rules &amp; Bylaws Committee had approved on a 4-0 vote to release the draft bylaws to the entire Commission, and encouraged the Commissioners to review the draft. He will be working with the Executive Committee to determine when the bylaws will be on the agenda for a full Commission vote.</p> <p><b>Andrés</b> repeated the offer to hold a session for any Commissioners interested in hearing more about the Bureau’s budget, specifically regarding funding for rental services.</p> <p>Since <b>Leah</b> and <b>Jessica</b> are new to the Commission, the Bureau will hold a training on public meetings law. We’ll open that training to Bureau staff as soon as it has been scheduled, and Andrés invited other Commissioners who may want a refresher on the topic to join as well.</p>	<p>► <b>Andrés:</b> send draft bylaws to entire Commission.</p>
<p><b>Security Deposits Introduction</b></p>	<p><b>Andrés Oswill</b> and <b>Anthony Bencivengo</b> gave a <a href="#">presentation</a> of research into security deposits, reminding the Commission that Bureau staff had not been given direction to create legislation, but had prepared a <a href="#">comparative analysis</a> of existing protections under Oregon law and requirements in other jurisdictions in order to provide context to the RSC.</p> <p>In response to questions, <b>Anthony</b> clarified that:</p> <ul style="list-style-type: none"> <li>• In some states that require landlords to pay interest on security deposits, the landlord can pay interest to the tenant without putting the money in an interest-bearing account;</li> <li>• In states/cities that cap security deposits, last month’s rent is generally considered as a fee separate from the deposit;</li> <li>• There was a lot of leeway with the definition of “normal wear and tear” that is often up to the courts to decide, and he had not found specific definitions for that term; and</li> <li>• He will be doing additional research to see if there are alternate tools out there for helping tenants recover unfairly withheld security deposits. He mentioned private services that will guarantee a tenant’s security deposit, which is essentially insurance for the landlord where the 3<sup>rd</sup> party service will compensate them if there is serious damage, or if the tenant violates the terms of the lease, or is unable to pay rent.</li> </ul>	

	<ul style="list-style-type: none"> <li>• Interest-bearing accounts are generally held in the landlord’s name. They can’t be seized by creditors, and should be transferred to new owners if the property is sold.</li> </ul>	
<b>Security Deposits Legislation Overview</b>	<p><b>Jamey Duhamel</b>, Director of Policy from Commissioner Chloe Eudaly’s office, gave an overview of the work that’s gone into the development of the <a href="#">security deposit policy</a>, which started immediately after mandatory relocation assistance was passed in February 2017. Key elements of the policy include:</p> <ul style="list-style-type: none"> <li>• A cap on security deposits of 0.5-1.5 months’ rent;</li> <li>• A clearer definition of “normal wear and tear”;</li> <li>• A depreciation schedule for calculating the value of damaged items;</li> <li>• A process for move-in/move-out unit condition reports;</li> <li>• A requirement that landlords provide evidence for all costs charged to security deposit;</li> <li>• A requirement that landlords provide tenants with a written accounting of tenant’s rental payment history; and</li> <li>• A requirement that landlords pay tenants any interest which accrues on their security deposit, and provide tenants with a notice of rights along with deposit accounting statement.</li> </ul>	
<b>Public Testimony</b>	<p><b>Marih Alyn-Claire</b> provided testimony on behalf of tenant <b>Pat Murray</b>, a senior and long-time Portland resident who has moved six times in the past seven years, and recently moved again to a different unit in the same building she lives in. Ms. Alyn-Claire spoke to the financial challenges faced by a tenant like Ms. Murray, who had to pay an additional security deposit before the original deposit was refunded, plus moving costs, plus an early move-out fee for changing units. She stressed that tenants are just looking for fairness.</p>	
<b>Security Deposits Discussion</b>	<p>The Commissioners shared concerns and flagged some potential issues with the security deposit policy. Key discussion items and suggestions included:</p>	

	<ul style="list-style-type: none"> <li>• Establishing a Reasonable Accommodations appeal process for damage resulting from a tenant’s disability;</li> <li>• Questioning the possibility of a deposit matching system by the City—in which the City could contribute to deposits for people falling within a certain income range;</li> <li>• Assessing responsibility for getting a unit “move-in ready”; establishing an average turnover cost (per # of bedrooms) for cleaning services that the landlord would absorb before taking anything out of a tenant’s security deposit;</li> <li>• Maintaining flexibility in the security deposit process as a way for landlords to work with tenants who may not meet screening criteria;</li> <li>• Establishing a range of 2 – 6 months (instead of 3 months) for installment plan payments, for those tenants who (due to issues with screening criteria) are asked to pay a higher security deposit;</li> <li>• Questioning what happens if the amount of a higher security deposit (mentioned in the item above) is not paid, and raising concerns that tenants could be evicted over small sums (for example, if they don’t pay the last \$100 installment of a \$500 payment);</li> <li>• Establishing a process for payment plans, so that a tenant who moves out and owes money can provide proof to a new landlord that s/he has arranged to pay the previous landlord;</li> <li>• Adjusting the deposit cap to reflect that most property management companies now charge prorated rent for first &amp; last month rather than requiring first &amp; last month’s rent payment in advance;</li> <li>• Creating options for landlords to establish value of a damaged item even if they don’t have original receipt to prove purchase price;</li> <li>• Ensuring that the proposed depreciation calendar accurately reflect item lifespans;</li> <li>• Providing list of item values for depreciation schedule before start of tenancy so tenant knows how much they could be charged if they break something;</li> </ul>	
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	<ul style="list-style-type: none"> <li>• Providing a written accounting of tenant’s rental payment history <i>before</i> tenancy ends to ease applications for future housing;</li> <li>• Requiring notice of rights at or before start of tenancy (possibly at time of application);</li> <li>• Establishing flexibility so tenant doesn’t risk forfeiting security deposit rights if they don’t fill out Unit Condition Report within a week of move-in; and</li> <li>• Questioning the value of having landlords report interest on security deposits placed in interest-bearing accounts (it could cost a landlord more to send the letter than the client has earned in interest).</li> </ul> <p><b>Deborah Imse</b> mentioned Living Rent Guarantee as an example of a 3<sup>rd</sup>-party entity that guarantees security deposits and provides co-signers.</p> <p><u>Regarding next steps:</u></p> <p><b>Jamey Duhamel</b> indicated that she would work internally with attorneys and other elected offices to craft final code language. Commissioners will receive a copy of what will go to Council, and will have time to review it and give a thumbs-up or thumbs-down to the Mayor’s Office.</p> <p><b>Katrina Holland</b> asked if the Commission would be provided with a draft of the policy based on today’s discussion for their work session (likely in June). <b>Andrés Oswill</b> informed the Commission that the schedule should be finalized when the executive committee meets on May 2<sup>nd</sup>.</p>	
<b>Upcoming Meetings</b>	<p>The next general meeting is May 15<sup>th</sup>. The agenda for the May 15<sup>th</sup> meeting will be finalized when the Executive Committee meets on May 2<sup>nd</sup>.</p> <p><b>Andrés Oswill</b> requested that any Commissioners interested in attending a session to talk about the rental services budget contact him.</p>	
<b>Good of the Order</b>	<b>Katrina Holland</b> adjourned the meeting.	